

MONTHLY REVIEW

REVIEW OF THE MONTH

THE GERMAN PROBLEM — Paul M. Sweezy

WHY I BELIEVE IN SOCIALISM — Scott Nearing

POLAND AND CZECHOSLOVAKIA
ON THE ROAD TO SOCIALISM — Otto Nathan

LABOR AND WORLD CONQUEST — York Gazette

CLASS STRUGGLE IN AMERICA? — Leo Huberman

VOL. 1

2

EDITORS . . . LEO HUBERMAN . . . PAUL M. SWEETZ

CONTENTS

VOLUME ONE

NUMBER TWO

JUNE, 1949

REVIEW OF THE MONTH: Civil War in the CIO; Depression? Yes, No, Maybe	33
THE GERMAN PROBLEM by Paul M. Sweezy	37
WHY I BELIEVE IN SOCIALISM by Scott Nearing	44
POLAND AND CZECHOSLOVAKIA ON THE ROAD TO SOCIALISM by Otto Nathan	50
LABOR AND WORLD CONQUEST: Editorial from <u>York Gazette and Daily</u>	57
CLASS STRUGGLE IN AMERICA? by Leo Huberman	59

MONTHLY REVIEW: Published monthly and copyright, 1949, in the United States, by MONTHLY REVIEW—AN INDEPENDENT SOCIALIST MAGAZINE, 66 Barrow St., New York 14, New York.

SUBSCRIPTION PRICES: One year—\$3.00 (foreign, \$3.50); single copy 35c.
Two years—\$5.00 (foreign, \$6.00).

EDITORS AND PUBLISHERS: Leo Huberman and Paul M. Sweezy.

AMERICAN AGENT: CAHIERS INTERNATIONAUX, Paris. Subscription \$5 a year payable to MONTHLY REVIEW.

NOTES FROM THE EDITORS

In this issue we are inaugurating a policy of publishing occasional articles designed to present the elementary principles of socialism. We recognize, of course, that many of our readers are well versed in socialist theory, but MONTHLY REVIEW cannot be planned and written only for them. Perhaps the most urgent need in this country today is to bring socialist ideas to ever wider circles of people who either have never come in contact with them before or have met them only in distorted and caricatured forms. We want MONTHLY REVIEW to reach such people and to answer, simply and accurately, their basic questions about the nature and aims of socialism. "Class Struggle in America?" by Leo Huberman (p. 59) is the first of the occasional articles along these lines. It is a slightly abridged version of a chapter of a forthcoming book which will be published under the title "What is Socialism?"

continued on inside back cover

CIVIL WAR IN THE CIO

The first principle of socialism is expressed in the famous concluding sentence of the *Communist Manifesto*: "Workingmen of all countries, unite!" It was therefore with greatest hope and enthusiasm that socialist-minded trade unionists did all they could to help the CIO launch a new era in American labor history.

The necessity for militant organization along industrial-union lines had long been recognized by socialists and non-socialists alike. The statistics of union membership bore eloquent testimony. In 1935 only 10 percent of the organizable workers in the United States were members of trade unions. In 1937, two short years after the CIO started functioning, the percentage of workers in unions had more than doubled; and the CIO alone had 4 million members, more than the AFL had organized in its 54 years of existence.

The CIO was able to storm the hitherto unconquerable strongholds of anti-unionism in the mass production industries; it accomplished the then amazing feat of bringing unionism to white-collar and professional workers who had never previously thought of themselves as needing organization or had even been definitely anti-union; it forced the AFL leadership to bestir itself and to change its methods to fit the changes that had come in industry. It was able to do all these things because its major objective — felt so strongly that it took on the character of a crusade — was the simple one of organizing the unorganized regardless of race, color, creed, or political affiliation.

In 1945, when the CIO united its millions of members with the organized workers of other countries in the World Federation of Trade Unions, socialists rejoiced. Here was a new and important step toward uniting the workingmen of all countries. Workers were at last beginning to see what their employers had long ago seen and acted upon — the need for international solidarity.

Now all this is to be changed. No longer are *all* workers welcome in the CIO; no longer does the CIO believe that a common bond exists among the workingmen of *all* countries. Within the ranks of the CIO war has broken out — a war which is a reflection on a small scale of the larger world conflict which dominates the epoch in which we live.

MONTHLY REVIEW

On one side stands the majority of CIO unions — the “right wing.” On the other side stands the “left-wing” minority. The right-wing unions go down the line for the Truman Doctrine, the Marshall Plan, the Atlantic Pact, for pulling out of the WFTU. They have become what the *York Gazette and Daily*, in an editorial reprinted in this issue of *Monthly Review*, describes as “salesmen of U. S. foreign policy.” The left-wing unions are on the other side of every one of these crucial world issues. In domestic affairs, the right-wing majority supported Truman and the Democratic Party and hopes to win benefits for its membership in return for services rendered; the left-wing minority supported, actively or passively, Wallace and the Progressive Party and now calls for a return to militant independent action on the economic and political fronts as the only way to win gains.

At last month's meeting of the CIO National Executive Board in Washington, notice was served in no uncertain terms that all union leaders must follow unswervingly CIO policy as laid down by the majority at the annual convention and as interpreted by the Executive Board. Those who disobey were invited to get out or be kicked out at the next convention in October. Meanwhile, if they choose, they can stay in and have their unions smashed through unchecked raids by sister CIO unions. This kind of raiding has been going on for some time and has more than one motive behind it: the task of organizing the unorganized is no longer as attractive as it once was to union leaders grown soft on the job. The new slogan of the CIO majority is: disorganize the organized and pick up the pieces.

The case of the right wing for absolute adherence to CIO policy has some validity — when it is applied to industrial union councils which are creatures of the national CIO and have the framework of their constitutions and rules prescribed for them. But application of this principle to national unions is an entirely different matter. National unions are not creatures of CIO; they are federated organizations with their own constitutions and rules, with full autonomy to carry on their own affairs as they see fit. The principle of autonomy, especially in political matters, has always been sacred in the American trade union movement. Thus, for example, Tobin of the Teamsters traditionally swings his weight to the Democratic Party, while Hutcheson of the Carpenters never fails to plug for the Republicans — and the AFL wouldn't dream of interfering. But CIO has now reversed this long-standing policy and is out to deprive its constituent unions of their autonomous right to decide their own policies in the domestic and international spheres — to support political candidates or join international organizations of their own choice.

The fight is likely to be long and bitter. Under present condi-

tions, the right wing will settle only on the basis of a surrender by the left; the left unions have no intention of giving up their autonomy. Raiding will continue. The left may be thrown out at the October convention. Court battles may follow. Eventually the left may try to re-affiliate with the AFL, or a new federation, possibly including unions which are now independent, may emerge.

All this is bad for the labor movement, bad for socialism. But the underlying issues are fundamental and cannot be evaded. Union autonomy is the ground on which the battle will be fought, but at bottom the question is whether the American working class is to have the organizational freedom to develop its own policies in its own interests, or whether it is to be cribbed and confined by an American version of a labor front which serves the interests of the capitalists the more efficiently because its leaders do so willingly. No socialist should be under any illusion about the importance of this struggle for the whole future of socialism in America.

DEPRESSION? YES. NO. MAYBE

Developments of the last few months have once more emphasized the unpredictability of economic fluctuations under capitalism. Since unemployment started to increase around the turn of the year and business conditions failed to respond to pious hopes and exhortations, the economy has been in the grip of steadily increasing insecurity.

Because businessmen feel more and more uncertain about the future, they postpone purchases, push sales, stop investments — all of which only reinforces the downward trends in the economy and appears to justify the pessimistic forebodings which prompted these decisions. Regardless of the objective factors of overcapacity, underconsumption, and structural disproportionalities, which in the last analysis are responsible for the adverse turn in the business situation, this condition of psychological jitters illustrates perfectly the utter inadequacy of an economic system in which decisions of great significance to the livelihood of millions are based on hunches and guesses, on fears and hopes, and not — as they are in a planned socialist economy — on incontrovertible facts and exact statistics. What a mockery of our age of scientific precision and all its marvellous accomplishments about which we hear so much boastful talk!

As usual, the impact of the change in business conditions has been particularly severe on the working class (and also probably on many small business people who often appear strangely unaware of the insecurity of their position under capitalism). Unemployment has

MONTHLY REVIEW

risen sharply, both because the economy has fewer jobs to offer and because the number seeking work steadily grows. The plight of workers is even more serious than the unemployment figures indicate since both average weekly hours worked and average weekly earnings have declined markedly. On the other hand, in the words of the National City Bank, which is certainly not guilty of overstatement in this respect, "industry appears to have come through the [first] quarter with a level of net earnings [profits] close to, if not actually somewhat above, that of the first quarter a year ago."

This is all true to form. It is also true to form that nobody really knows where we are and where we are going. Is it a recession, a depression, a disinflation, a slump, a healthy readjustment? Or is the nation, in the words of Treasury Secretary Snyder, "approaching one of the greatest periods of business development in its history?" Is there a better symptom of this utter confusion than the fact that the Chairman and Vice-Chairman of the President's Council of Economic Advisers have publicly presented and defended conflicting interpretations of the business situation? Whom is the poor businessman, hungry for advice and orientation, to believe?

Socialists have a very serious obligation in this matter. They have to explain to the working class again and again why the economic system on which their livelihood depends is so completely unreliable. They have to explain that it is not the deadlock over Berlin, or the political uncertainty in Washington because of the southern Democrats, or any other seemingly accidental event, which brought on the economic downturn; that the capitalist economic system itself is inherently unstable; that living conditions will remain insecure as long as capitalism continues in existence.

(May 24, 1949)



While there is a lower class, I am in it; while there is a criminal element, I am of it; while there is a soul in prison, I am not free . . . In the struggle—the unceasing struggle—between the toilers and producers and their exploiters, I have tried, as best I might, to serve those among whom I was born, and with whom I expect to share my lot until the end of my days.

Eugene V. Debs

THE GERMAN PROBLEM

BY PAUL M. SWEETZ

As I write these lines, the Berlin blockade has been lifted and the foreign ministers of the Big Four are about to resume discussion of the German problem after an interval of nearly a year and a half. It is clear that these events initiate a new phase of post-war international relations, one in which the Soviet Union, undoubtedly genuinely alarmed by the recent rapid drift toward war, is prepared to make concessions in order to reduce tensions and avert the threatening catastrophe of World War III.

This development is, of course, to be welcomed. Every one who retains an elementary sense of responsibility knows that the preservation of peace is of paramount importance and that the idea that international or social problems can be solved by war is an evil fallacy. We need and must have what the diplomats call a detente between East and West, and under present conditions it can come only through genuine concessions by both sides. The lifting of the blockade and the calling of the foreign ministers' conference are essential first steps.

What is "the German problem?" It is not a new problem, nor is it a very old problem. Before the last third of the 19th century there were a number of German problems; *the* German problem as we know it today emerged only after the unification of the Reich under Prussian leadership in the 1860's and 1870's. What are the main elements of the German problem in this latter-day sense of the term?

Basically, the German problem can be summed up in a brief phrase: viciously aggressive imperialism. All capitalist countries without exception are inherently expansionist and hence potentially aggressive, but special historical conditions have combined to make Germany into an extreme case. (In this respect, incidentally, Japan resembles Germany very closely.) Let us quickly review the most important of these special conditions.

First, national disunity prevented Germany from playing a pioneer role in the development of industrial capitalism. This relative economic backwardness had very important political consequences. As the events of 1848 proved, the German middle class was too weak to overthrow feudalism and establish a bourgeois democracy. National unity was finally established not by the bourgeoisie, as had been the

MONTHLY REVIEW

case in other western countries, but by the Prussian Junkers under the astute political leadership of Bismarck. At that time there existed a liberal-democratic opposition of considerable strength, but the rapid economic development and huge profits which followed the achievement of national unity soon convinced the German capitalists that the Junker world in which they lived was the best of all possible worlds. Liberalism has never since been a serious force in German political life, and the ruling alliance of Junkers and capitalists has combined the most reactionary and militaristic features of feudalism with the economic strength and expansionism of a highly dynamic capitalism. This is the root of the German problem.

The fact that capitalism developed in Germany at a relatively late stage had further important consequences. As Veblen so often pointed out, it meant that German industry could, so to speak, start from scratch with an already highly-developed technology. This was the underlying factor in the extremely rapid growth of monopoly in Germany. In addition, Germany as a late comer found the most desirable colonial areas, which yield such a rich harvest of raw materials and surplus value, already pre-empted by the older imperialist powers. Monopoly greatly intensified the expansionism inherent in German capitalism, while the lack of suitable "colonial space" transformed this drive into a kind of aggressivism which has long been a standing threat to all Germany's neighbors.

Finally, the character and role of the German working-class movement have been significantly shaped by the conditions surrounding the development of German capitalism, though in this respect the experience of Germany has been more or less similar to that of the other western imperialist countries. For roughly a half a century, from the 1840's to the 1890's, the German working class, forced to fight an independent battle for elementary economic and political rights, led the whole world, both theoretically and organizationally, in building the international socialist movement. Karl Marx and Friedrich Engels, the founders of scientific socialism were Germans; and the German Social Democratic Party was the first example in the world of a great mass party of workers. For a long time the rulers of Germany attempted to suppress the socialist movement; but failure, coming simultaneously with the great upswing of capitalism in the 1880's and 1890's, brought about a change in strategy. During the quarter century preceding World War I, an attempt was made, by means of economic and political concessions, to reconcile the workers to the existing system and to identify the interests of the trade union and party leadership with the interests of German imperialism. This new strategy was on the whole successful, and when the old order seemed

THE GERMAN PROBLEM

to be in a state of complete collapse following World War I it was the Social Democratic leadership which came to the rescue and which alone commanded the mass support necessary to head off a genuine socialist revolution.

The German problem, then, may be described as hopped-up imperialism, minus effective liberal opposition, plus support from working-class leadership at times of critical danger. It has been, without question, the most serious problem of the first half of the 20th century—a major factor in one world war and virtually the sole cause of another. If it is not solved by a fundamental alteration in the structure of German society—and this is the only way it can be solved—it will live on to plague the second half of the 20th century and very possibly to produce another and still more terrible world war.

I have said, and I repeat, that the German problem can be solved only by a fundamental alteration in the structure of German society. There is no mystery about the nature of the required changes; they have been spelled out time and again by generations of socialists both inside and outside of Germany. The roots of aggressive imperialism are the great privately-owned, profit-hungry trusts and cartels which have long controlled German economic life and which under the Nazi regime acquired a dominating position in nearly every branch of the state apparatus. These roots must be torn up and utterly destroyed. Private ownership of trusts and cartels must be abolished, and the means of production over which they dispose must become public property to be utilized in accordance with a comprehensive plan which has as its goals: first the building of a decent and secure life for the masses of the German people, and second, for some years to come, the provision of a measure of reparation and restitution to the victims of former German aggression. In short, the German economy must be socialized and German productive power must be utilized to bring life to the common people of Europe, not profits to a few exploiters and ultimately ruin and death to their victims.

Measured by these standards, the occupation policies of the western powers—which are at bottom the policies of the United States Government—have been a failure. There has been no socialization of industry, no land reform worthy of the name. Even a milk-and-water anti-trust program, which was proclaimed at the outset of the occupation with much fanfare, has remained a dead letter. Private business has been largely freed of controls. Wages have been kept at low levels—according to *Barron's* of May 9th, the average weekly manufacturing wage in Germany last summer was \$16 compared to \$26 in Britain and \$54 in the United States. Profits have zoomed upward, and by the early months of 1949, production in the three

MONTHLY REVIEW

western zones combined had climbed to four-fifths of the 1938 level. The policy, vigorously pushed at the outset, of denazifying the personnel of government and business has ironically turned into a policy of removing the Nazi stigma from former stalwarts of the Hitler regime. Says John Herz, former State Department official now teaching at Howard University, in an article entitled "The Fiasco of Denazification in Germany":

A detailed analysis of available facts and figures reveals . . . that denazification [in the western zones], which began with a bang, has since died with a whimper, that it opened the way toward renewed control of German public, social, economic and cultural life by forces which only partially and temporarily had been deprived of the influence they had exerted under the Nazi regime. (*Political Science Quarterly*, Dec. 1948, p. 569)

The overall picture in the western zones is thus crystal clear. It can be summed up very simply in one phrase: return, so far as conditions permit, to the *status quo ante*. And the implications are no less clear: revival, sooner or later, of aggressive German imperialism.

The record in the Soviet zone of occupation has been better. (In order to avoid misunderstanding, we emphasize that we are judging by standards which relate to the degree of fundamental change in the German social structure, not by the level of industrial production or the extent to which German politicians are free to resume business at the old stand.) Unfortunately, comprehensive and detailed information is not available, but enough is known to give a clear view of the outlines of Soviet policy. Big business has been socialized (turned over to the provincial governments pending establishment of a zonal or national government). Large agricultural estates have been divided up, and in this way the traditional East-Elbian Junker aristocracy has been deprived of its economic base. Workers' organizations have been given a more important role in administration at all levels. Planning for community ends has, to a considerable extent, been substituted for profit-making as the guiding principle of production and distribution. And—considering Germany's past, a point of no small importance—a new educational system has been introduced which opens the ladder of advancement to children of working class and peasant families.

Of course, the Soviet zone is no paradise. The Russians have removed a considerable amount of capital equipment, and they continue to tap current production, on reparations account. Eastern Germany, cut off from its natural ties with the rest of the country, would limp economically even under much more favorable conditions than have existed in Europe since the war. There is doubtless plenty of opposition from Germans who have been trained for generations

to regard themselves as superior beings and to look upon the old way as the best way. Nevertheless, when all is said, it remains true that the Soviet occupation has resulted in basic economic and social changes which really strike at the roots of aggressive imperialism.

There can be no doubt whatever that the only kind of a settlement which would really solve the German problem would be unification of the country coupled with the generalization and completion of the kind of structural reforms which have already been instituted in the Soviet zone. There is no reason to suppose that the Russians would not welcome such a settlement, and the British Labor Government certainly ought to if it takes its socialist declarations seriously. But unfortunately, the policies of the three western powers are rigidly controlled by the State Department, and there is little chance of a reversal of the American policy of restoring the old order in Germany.

Under these circumstances we may well wonder whether there is any hope at all of a settlement, or even whether a settlement would be worth the price which clearly would have to be paid for it. Can the Soviet Union afford, even for the sake of an agreement with the United States and a consequent relaxation of international tensions, to meet terms which could only be designed to assure to all of Germany the blessings of the kind of regime now enjoyed by the western zones? Would not the strengthening of German imperialism inherent in such an agreement be a greater threat to Soviet security than a continuation, and even a possible intensification, of the cold war?

Many socialists will be inclined to say at once that the price of an agreement is too high, that the Russians should stand firm. The Russians may come to the same conclusion. In that case there will be no agreement at this meeting of the foreign ministers, just as there has been none at previous meetings. But no one should be surprised, and no one should blame the Russians, if they figure it the other way and acquiesce in the unification of Germany even on substantially American terms and with only relatively minor concessions to protect as far as possible the reforms that have been carried out in the eastern zone.

If the Russians should accept such a settlement—and it is by no means impossible—we ought to be clear about the motives and calculations behind such a decision. The purpose would not be to further the socialist movement in Germany; in fact the very acceptance of such a settlement would signify that for the foreseeable future the Russians had given up hope of seeing the German problem solved in the only way it can be solved, that is to say, by the uprooting of German imperialism. The Russian purpose would rather be to make

MONTHLY REVIEW

German imperialism more independent, to loosen and if possible break the ties which now bind western Germany to the United States, and ultimately, by playing off Germany against the United States and the other countries in the American-dominated (Atlantic Pact) bloc, to disrupt the united front of capitalist nations which now threatens the very existence of the Soviet Union.

It is not hard to understand that this is a realistic program which would have a reasonable chance of success. Exports from western Germany are already threatening the British recovery program, and their pressure is even beginning to be felt in markets which American exporters had come to regard as their own private preserve. These key conflicts would certainly be greatly intensified if Germany were united and free of occupation forces.

When German manufacturers are free to sell as they please, unhampered by U. S. and British pressure to keep selling prices in line with world levels, Germany will emerge again as a truly formidable competitor in international trade. Britain is getting the brunt of that competition today, and British engineering, automobile, and scientific instrument industries have begun to call Germany's competition "unfair" and German labor too cheap. British and American exporters have had the field all to themselves since the war's end, but rivalry will now be keener for narrowing foreign markets. (*Barron's*, May 9, p. 10)

Should the British and Americans take steps to protect their markets, as they probably would, the Germans would then be forced to rely increasingly on trade with eastern Europe, and this in turn would divide Germany still further from the Anglo-American bloc. The truth of the matter is that the apparent solidarity of world imperialism at the present time is largely due to the fact that all of Japan and the most productive parts of Germany are under the direct or indirect military control of the United States. To the extent that this control is relaxed, the latent contradictions of imperialism will come increasingly to the surface and will play an ever more important role in world politics. It goes without saying that the Russians would rather be faced by a divided than a united imperialist world. If the sacrifice of eastern Germany would make an important contribution to splitting the imperialist powers, they might well be prepared to pay the price.

That Soviet thinking runs along these lines has been proved again and again in the past—most dramatically, of course, in the case of the Soviet-German Pact of 1939. The latest evidence is to be found in the controversy which took place among Soviet economists late last year over the views of the well-known theorist, Eugen Varga. One of the points for which Varga was severely and repeatedly condemned was his under-estimation of the contradictions of imperialism. Ac-

cording to K. V. Ostrovityanov, Director of the Economics Institute of the Academy of Sciences of the USSR,

we must reject decisively Comrade Varga's attempt to revise the basic proposition of the Leninist-Stalinist theory of imperialism, on the inevitability of war between the imperialist powers, stemming from the sharpening of the uneven economic and political development of capitalism in the period of imperialism and of the general crisis of capitalism. (*Current Digest of the Soviet Press*, April 19, p. 19)

Clearly, the Soviet leaders believe in the reality and depth of the contradictions of world imperialism. If they should base their foreign policy to an increasing extent on this belief, it ought neither to surprise nor to shock any one who is familiar with the history of the last three decades. And if the Russians were to decide, as they did once before, that if there is to be another war they will do their best to see that it is not an anti-Soviet war, who, in all conscience, could blame them?

What all this adds up to is really very simple—and very important. The German problem can be solved only by Germany's becoming a socialist country. The Russians would welcome such a solution, but if they can't get it there is no reason to expect them to stand idly by while Germany is transformed into the warhead of a great anti-Soviet coalition. The rulers of America have willed it that German imperialism shall be revived and once again play a role in world politics. They may find that, like the sorcerer, they have conjured up forces from the nether world which they can no longer control. It happened before, after World War I. It can happen again, after World War II.

Sordid power politics? Of course. We shall continue to live in a world of sordid power politics until mankind, or at least a decisive majority of it, learns to control the forces of society as it has already learned to control the forces of nature—until socialism has been victorious in the major countries of the world, including the United States of America.



À PROPOS OF MANY THINGS THAT HAPPEN THESE DAYS

"In our reflecting and reasoning age a man is not worth much who cannot give a good reason for everything, no matter how bad or crazy. Everything in the world that has been done wrong has been done wrong for the very best of reasons."

Karl Marx

WHY I BELIEVE IN SOCIALISM

BY SCOTT NEARING

The word socialism is used in this article to mean the collective public ownership and administration of those parts of the economy which are of common use to the community as a whole. In this sense the people of Connecticut own and administer the state highways, and the people of the United States own and administer the post office and the national forests. Highways, post offices, and forest reserves are publicly operated for public benefit.

My belief in socialism is not abstract or general. I assume that if the people of the United States knew what was good for them they would take over their economy late in 1949 or early in 1950, because the rapid economic changes of recent years have brought the capitalist economy of this country to a point at which the business men and politicians must choose between a severe depression and a disastrous war, with the overwhelming probability that, if the economy remains capitalist, the country once again will have both depression and war, as it did between 1911 and 1918 and between 1929 and 1945.

Depression and war have cursed the capitalist economies of Europe, Asia, and North America during the past forty years, not because the policy makers were cruel or wicked, but because they were too much concerned with making profit. The way to avoid further depressions and wars is to abolish profit-making or profiteering.

Money reform, trust regulation, the protection of small business concerns, the control of privately owned public utilities have been tried in the United States since the Civil War. What has been the result? Step by step the economy has passed from individual to corporate ownership. Year by year the strangle-hold of Big Business has tightened on the economy and on the country, until a point has been reached at which a rich powerful minority owns, controls, and dominates the American scene, securing its income and exercising its authority in the name of an economic apparatus which can no longer function except on a basis of large-scale military spending.

So the people of the United States face an "either-or" similar to that which has confronted the peoples of Europe since the turn of the century. *Either* we continue under capitalism, harried by periods of increasingly severe depression, relieved temporarily by periods of wholesale war-destruction, *or* we convert the present capitalist economy

Scott Nearing is the well-known economist, writer, and lecturer.

into a socialist economy and then do our share in setting up a world cooperative commonwealth.

I should like to follow this general introduction to my belief in socialism, by listing four reasons why the common people of the United States should be for socialism at the present time.

The first reason is technical. Most of the things which modern man undertakes can only be done collectively.

I do not speak of personal activities such as dressing, washing, and eating, or the relations with friends and neighbors, or the tinkering, repairing, gardening, and building which go on in many households. Human beings have engaged in such personal, family, and craft pursuits for centuries. I refer rather to those features of our lives which distinguish western man from people in other parts of the world, and modern man from his great grandfathers.

Let us begin with diet. The United States has hot summers and cold winters. During the summer it is comparatively easy to have a good and varied diet as a result of local work in the garden and the kitchen. During the winter, however, it is a very different matter. California lettuce, Texas grapefruit, and Georgia green beans can be enjoyed by the people of New York and New England only because of an elaborate system of rail and truck transport. The same holds true of Cuban sugar, Hawaiian pineapples, Arabian dates, and other items in the diet of New Yorkers and New Englanders. Many different people in many different parts of the United States and the world provide us with our food, our clothing, our houses and their furnishings.

Take highways as another example of collective enterprise. It is only a few years since good roads were an exception in Europe and a rarity in North America. Then came the automobile and with it an impressive demonstration of the possibilities of collective purpose and collective endeavor. Automobile owners wanted good roads. It was impossible for each one to build the road in front of his own home and thus, by individual efforts, establish a highway system. Instead, cities, towns, counties, states, and the Federal Government joined hands, laid plans, developed engineering techniques, and within forty years provided the network of first-, second-, and third-class roads and bridges which are now used by motor traffic.

Turn from highways to railways, telephones, and the electric grid from which we get light and power. No one individual and no small family or village group of individuals could provide any of these things. They are possible only when a comparatively large number of people substitute division of labor for individual enterprise, coordinate their efforts, and turn out a product which no individual or local group could obtain as a result of personal or local effort.

MONTHLY REVIEW

It is unnecessary to go on listing the goods and services which western man enjoys as a result of collective activity. The radio set he uses, the bicycle he rides, the car he drives, the parks in which he goes camping are products of planned, coordinated, collective action.

"But wait," cry the advocates of individual enterprise. "All of these things you are talking about—varied diet, good roads, railroads, phones, electric power, gadgets, and recreation centers—are more abundant in the United States than elsewhere, and the United States is the land of individual enterprise."

I answer: you have been reading a newspaper dominated by Big Business advertising and listening to a radio owned by the Big Business crowd. Stop reading and listening long enough to use your thinking apparatus. The United States today is one of the best available examples of the effectiveness of technical collective enterprise. The Big Business boys, who still hold property titles to railroads, factories, and the like, and who made \$20 billions in corporate profits in 1948, have simply packaged this collective endeavor in an individual enterprise wrapper, advertised it, and sold it to the American people as a product of individual enterprise.

Technically speaking, United States experience with collective enterprise provides argument number one why the American people should be for socialism in 1949.

The second reason why I believe in socialism is political. William Demarest Lloyd phrased it pithily, many years ago, in the title of his book "Wealth Against Commonwealth." Either the people take over the wealth of Big Business and use the economic power which is implicit in wealth ownership, or else Big Business will abolish the commonwealth and utilize its authority to enslave and exploit the people.

Here we face a sharp contradiction. The collective production apparatus of the United States is privately owned. The American people work together to turn out goods and services, which are then distributed in part to those workers who participated in the collective endeavor, and in part, in the form of profit, to property owners who may have had little or no connection with the productive process. Consequently, there has developed in the United States a group of people which works collectively for its living and another group which owns individually for its living. The interests of these two groups are in conflict, and this conflict is one of the chief disruptive forces in the western world.

This conflict will continue so long as the interests of the commonwealth are threatened by the wealth-power adventures of private wealth. Since it is impossible to abolish collective production techniques, the only practicable way to end this conflict is to collectivize or socialize the distribution of income.

United States property owners are well aware of this dilemma. Through their ownership of press, radio, and movies, they are doing their level best to divert attention from it by shouting "Stop thief!" and pointing abroad. At first their thief was Kaiser William and the German militarists. Then it was Adolf Hitler and the Nazis. Now their red herring is Joseph Stalin and the Communists. Meanwhile United States property owners have been loading themselves with booty.

Unless they can hold political power, American big businessmen cannot hope to retain possession of their vast property holdings and their fantastically large profits which are derived from collective production techniques. So they denounce "communism" (collectivism) of ownership and income distribution while they enjoy the benefits of collective production.

Many times in history, the owners of land and of various forms of capital have allied themselves with the armed forces and the agencies for shaping public opinion, secured control of the state apparatus, and set up a self-perpetuating minority government. The United States is now passing through this experience. Woodrow Wilson, the historian, was aware of this when he wrote in his *New Freedom* (1913): "An invisible empire has been set up above the forms of democracy." The invisible empire, wrote Mr. Wilson, is operated by the vested interests.

During the past forty years we have watched this historical drama unfold in Japan, Italy, Germany. We often describe it as "fascism"—the concentration in the hands of a profit-seeking oligarchy of economic, political, and social authority over the making of public policy. Some of us believe that this tendency of a trustified economy to take control of political and social policy-making is inherent in the competitive struggle for profit, and for this reason we insist that the "invisible empire" of profit-seekers which today dominates the United States can be liquidated only by the social ownership and operation of the social productive apparatus—mines, factories, railroads, and means of mass merchandizing.

The third reason why I believe in socialism is sociological. A community, like any structure, is built along certain lines and operates in accordance with certain principles. Among the principles underlying community life there are two opposites: competition and cooperation. Competition is acting against. Cooperation is acting with.

Competition stimulates people and stirs them up. Its least anti-social forms are contests between sportsmen, gardeners, and animal breeders. Its most anti-social form is a contest between rival power-seekers who employ armies, navies, and air forces to promote their interests and cripple or destroy their rivals.

Certainly competition has its uses and advantages. It arouses in-

MONTHLY REVIEW

terest and offers incentive to thought and action. But like any other social force, it can reach a level of intensity at which it negates its own objectives. Between 1870 and 1910 the business interests of Britain and Germany engaged in a competitive struggle for world markets. In 1914 this competition entered a military phase, which lasted more than four years. The results were described by a British editor in these lines:

*'Oh, customers', the merchants said,
'We've had our little fun.
Shall we begin to trade again?'
But answer came there none.
And this was hardly strange because
They'd killed them every one.*

Competition, carried to its logical conclusion, will wipe out all of the competitors. It must therefore be limited in its application, in much the same sense that men limit fire. A fire, turned loose, will destroy a city, while confined in a furnace, it will provide heat and power.

The limits within which competition may operate are set by the need in any community for continuous cooperation. This need is present in a tribe of herdsmen or a farming village. It grows increasingly insistent in larger communities practising an extensive division of labor. Concretely, an athletic meet between the students of rival schools cannot be permitted to reach a point at which the school buildings are wrecked and the boys and girls are shot or gassed. "Let's win" must be subject to the more general idea "Live and help live."

Individualistic (private enterprise) society exalted competition all through the 19th century. During the past forty years it has reaped a frightful harvest of destruction and murder on the highest competitive level, which is war. Sociologically, there is no escape from this situation short of a sharp reversal of policy which will put cooperation in the fore-front of social thought and action, and subordinate competition to the requirements of effective cooperation. Socialism proposes precisely this substitution of cooperation for competition as the dominant theme of social policy-making.

I favor socialism for a fourth reason, which is related to the purposes of human life. Perhaps this reason may be described as ethical.

Why are human beings on this earth? What must they do in order to fulfil their destiny? For the purpose of this discussion, let us assume that the chief end of man's life on earth is to develop his faculties, to live, as far as possible, according to the pattern of his destiny, and to do everything he can to provide an equal chance for his fellows to live rewardingly.

Such a life-perspective, applied to present-day development of the arts and sciences, leads to an obvious working formula:

1. Feeding, clothing, and housing the physical body is incomparably less important than the struggle to express, unfold, create.

2. Let the community provide the necessities and decencies of life—food, clothing, shelter, education, health services—in the same way that it now supplies highways, street lights, libraries and parks—open for the use of all on the basis of need.

3. Let each individual do his daily chore of necessary labor in order to replace the goods and services which he consumes and to provide support for the old, the sick, and the immature. Meanwhile, let him concentrate his major energies on his major task of expression, unfoldment, improvement, creation.

Such a formula would shift the emphasis of human life from the acquisitive to the creative. It would likewise subordinate the competitive struggle for wealth and power, which is now eating out the heart of the western world, to a cooperative effort to live and help live.

Periodically, in human history, men have faced decisions which involved a thoroughgoing change in their ways of life. The decisions to abandon cannibalism and to abolish chattel slavery were of this basic nature. The decision to forego exploitation is equally significant, and this underlies the change-over from capitalism to socialism.

Present-day society in the United States is based on the private ownership of land, mines, factories, and the like, and on the right of the private owner to live in parasitic idleness upon the rent, interest, and dividends provided by the labor of his non-owning fellow humans. Such a system is unethical, unjust, and unworkable—as the depressions and wars of the past forty years clearly indicate.

If western man survives, it will be on a basis of cooperation, with each for all and all for each. The community must own, plan, and administer those common enterprises which under present collective techniques provide the necessities and decencies of life for the entire community. Goods and services, socially produced, must be equitably rationed while scarce, and offered freely when abundant, in accordance with the foundation principle of a workable social order: "To each according to his need."

Men and women, brought up under the "mine for me" formula of private enterprise, will have some difficulty in adjusting to the "ours for us" formula of socialism. Those who have been living, parasitically, on the labor of others, will have particular difficulty in making the changeover. Despite such obstacles, I believe that the time has come for humanity to take its next great forward step—from individual to collective enterprise, from capitalism to socialism.

MONTHLY REVIEW

Peoples in various parts of the world are deliberately taking this next step in social evolution. The people of North America are taking the step technically and opposing it politically. It will be a happy day for humanity when the die-hard reactionaries of North America, who are leading the drive against socialism, are brushed aside by an aroused and indignant public which has come to its senses in time to adopt socialism in preference to the waste and wickedness of depression, military spending, and war devastation.

POLAND AND CZECHOSLOVAKIA ON THE ROAD TO SOCIALISM

BY OTTO NATHAN

Transitions from one economic system to another have always been painful, long-drawn-out periods in history. Those of which we have definite knowledge occupied hundreds of years. Feudalism, which preceded capitalism, took centuries to die; and even at a time when the new system was so well developed that it had all the main characteristics of capitalist enterprise and production, feudal institutions and remnants continued to exist for many years.

The transition to socialism differs considerably from earlier transition periods. Capitalism, for example, was not "introduced." It was forced into being by changes in the modes of production and grew slowly to maturity. Socialism, however, will be wanted and planned and deliberately developed—once the necessary political prerequisites have been created. This is true regardless of whether socialism is introduced in a country with an advanced capitalist system in which collectivized forms of enterprise have already matured in many directions, or in a backward nation where pre-capitalist methods of production are still common.

In either case, however, socialist society cannot be achieved by a

This is the second of two articles on the subject of the transition to socialism in eastern Europe, by a professor of economics who visited Poland and Czechoslovakia last summer to study economic developments.

single stroke; while it will not take centuries for the new economic system to mature, many years of difficult experiment and hard, conscious, determined work will be required to create not only a socialist *economy*, but—and this is the real goal of all those who believe in socialism—a socialist *community*. For it will be much more difficult to modify man's mentality, which adapts itself but slowly to a new environment, than to change his economic and political institutions. During these years of struggle and toil, when a new society is being slowly hammered out, there will be successes and accomplishments, but there will also be, unavoidably, setbacks and mistakes. "The working class", said Marx in *The Civil War in France*, "will have to pass through long struggles, through a series of historic processes, transforming circumstances and men."

It is from such a historic perspective that the developments in the countries of eastern Europe should be observed and studied. Accomplishments should be appraised against the background of the ultimate goals which those nations have set for themselves; and reverses, which are customarily exaggerated in hostile publications, should be carefully scrutinized in order to determine their real causes and their possible overall effects. The editors of this magazine have defined socialism as a system of society in which the decisive sectors of the economy are publicly owned and in which production is comprehensively planned for the benefit of the producers themselves. Accepting this definition, let us ask what has happened in eastern Europe to private property, the pre-war system of unregulated production, and the distribution of national income? I shall try to answer this question for Poland and Czechoslovakia only, since it would be impossible in one article to deal with all eastern European countries.

Private ownership of the means of production is the key institution of capitalism; to obtain control over the crucial centers of production, therefore, is indispensable whenever the political leadership of the working class is serious about building socialism. Because of the transcendent political, economic, and sociological significance of private property to capitalist society, its abolition is one of the most difficult operations with which the builders of socialism are faced, and one which is bound to have profound repercussions throughout society. "One cannot smuggle in socialism. It has to be built. Those who will have losses inflicted upon them will resist . . . No one can figure out a formula for avoiding this struggle," said Professor Oscar Lange, the first postwar Polish Ambassador to the United States, in an address before the Supreme Council of the Polish Socialist Party in September 1948. But the country will have to face not only the resistance of the dispossessed property owners

MONTHLY REVIEW

and of many of their assistants and executives; it will also have to get along at a particularly critical time without their skill and experience and it will have to adjust itself to operating without the incentives and controls which private property and its allied profit motive used to provide. Regardless of the ultimate merits of a socialist economy, the problems created by the abolition of private ownership of the means of production in the period of transition should not be minimized.

These considerations help to explain why Poland and Czechoslovakia have dealt as they have with the problem of private property since they entered the road to socialism, though other factors have doubtless played a role (for example, the relative level of capitalist maturity and the availability of specific industrial organizations which could be easily adapted to operating as parts of a socialist economy). In both countries, a completely different policy has been applied to agriculture on the one hand and to the rest of the economy on the other. Land reform in agriculture meant not abolition, but greater diffusion of private property. Except for a relatively small part of the land which is publicly owned, nationalization or collectivization was obviously not yet considered advisable. It would, no doubt, have been difficult to find an immediate and effective substitute for the production incentive which the farmer traditionally derives from owning the land that he tills; and production, so important particularly for countries which are determined to build socialism, might have suffered. Moreover, the agricultural property problem is complicated, more so in Poland than in Czechoslovakia, by the fact that the Catholic Church, which in principle is deeply opposed to the abolition of private property, has long enjoyed a powerful hold over the farm population.

While, for all these reasons, private ownership in agriculture has not been abolished, its significance has changed considerably. This is particularly true in Czechoslovakia. Private property no longer means that the owner is as free in his activities and decisions as he is in a capitalist economy. It now means rather that he must operate within a very specific, circumscribed framework since he has been drawn into the system of centralized planning and is, in many ways, obliged to comply with its directives. Moreover, the two countries have recently started to encourage the organization of agricultural cooperatives—a form of collective enterprise which is a step toward socialism. They will facilitate the inclusion of farming in the system of national planning and will tend to curb the power and influence of the larger and more prosperous farmers. It has been felt in responsible

POLAND AND CZECHOSLOVAKIA ON THE ROAD TO SOCIALISM

quarters that these farmers tend to perpetuate the capitalist mentality and may hence impede or retard the transition to socialism.

When Poland and Czechoslovakia were freed from German occupation, the nationalization of large sectors of industry occurred almost automatically because they had been owned by Germans or collaborationists who fled just before liberation. Since then nationalization in both countries has gone much further and has become more systematic. As reconstruction advanced, as the political power of the governments became stabilized, and as the planning machinery became more comprehensive and efficient, nationalization spread far and wide over the two economies. According to the new Czechoslovakian Constitution of May 9, 1948, certain industries such as minerals, mines, foundries, railroads, banks, and insurance, are now completely publicly owned; so is foreign trade. In all other industries, enterprises employing more than 50 persons (300 persons until February 1948) are subject to nationalization. About 80 percent of wholesale trade has been nationalized, and the rest is managed through cooperatives; retail trade, except for stores having more than 50 employees, is still in private hands. In August 1948, about 93 percent of all industrial employees were occupied in publicly owned enterprises.

Nationalized property is administered, directly or indirectly, through so-called "national enterprises". With certain modifications, they conduct business like enterprises in a capitalist economy, maximizing "profits" and avoiding losses. If losses do occur, they are covered out of a fund accumulated by all nationalized industries.

Nationalization of non-agricultural property in Poland has not yet gone quite so far as in Czechoslovakia, and has developed on somewhat different lines. Because capitalism was relatively advanced and had become highly organized in Czechoslovakia, it was easier to replace private ownership there than in Poland. Moreover, in view of the vast requirements of reconstruction, private initiative was purposely given free play in certain sectors of the Polish economy, particularly in the early period after liberation. In addition, the trend of development was affected by cooperatives which have traditionally played a large role in the Polish economy and are now much more numerous than in Czechoslovakia.

The Polish economy is divided into three sectors: the socialized sector, the capitalist sector, and a third sector of privately-owned but non-capitalist enterprises. The socialist sector consists of all nationalized enterprises and cooperatives. Certain key industries, such as mining, oil, natural gas, iron and non-ferrous metal foundries, sugar, textile, banking and communications, were completely nationalized. In many other industries, only enterprises employing more than 50

MONTHLY REVIEW

workers per shift became public property. All non-nationalized enterprises employing wage labor — including farms employing paid farmhands — belong to the second sector. Newly established enterprises, regardless of the number of workers employed, also belong to the second sector, since, in order to stimulate private initiative which was considered essential to reconstruction, a decree of September 1946 exempted such enterprises from the nationalization program. From the point of view of socialist transformation, this second sector is the most critical part of the Polish economy, for it has maintained the profit system and, consequently, tends to perpetuate the capitalist "spirit". The third sector includes the self-employed and those with very few employees, chiefly artisans, small storekeepers, and about 90 percent of the farmers.

Nationalization has made steady progress. A special drive was put on in wholesale and retail trade in 1947-48 with the result that about two-thirds of the wholesale and one-quarter of the retail trade now belong to the socialized sector. In 1948 about 75 percent of all industrial workers were employed by publicly owned and cooperative industries which produced about 85 percent of the total industrial production. Taking the Polish economy as a whole, Hilary Minc, Minister of Industry and Commerce, estimated in mid-1948 that about 24 percent of all those gainfully occupied worked in the first sector, 14 percent worked in the second, and 62 percent in the third.

The management of nationalized enterprises in Poland is, in principle, not unlike that in Czechoslovakia, notwithstanding many differences in detail. In both countries, great attention has been paid to developing a system of incentives and controls to substitute for the profit motive which, in capitalist society, has two distinct purposes. First, it is supposed to insure that the entrepreneur runs his business to the best of his ability; and second, it operates (in an indirect, cumbersome, and often ineffective way) to allocate resources among the various competing branches of production.

With regard to the first objective, Poland and Czechoslovakia have developed highly interesting business methods and accounting systems, which cannot be discussed here. In addition, "income incentives" in the forms of premiums, bonuses, overtime-payments, etc., have been introduced throughout the two economies in an effort to insure maximum effort and to improve the productivity of labor.

The second purpose of the profit motive in capitalist society—the guidance of investment and production — is achieved in a socialist economy through centralized planning. Even if vast destruction of resources and extreme shortages at the end of the war had not necessitated strict control over their economies by the eastern governments,

planned production would have been introduced as a matter of course, for it is, as Soviet experience has taught us, the heart of a socialist economy. It is the only way in which to make orderly use of a country's resources and to determine which part is to be utilized for the manufacture of additional productive facilities and which part for the manufacture of daily necessities.

In both Poland and Czechoslovakia, planning was introduced at a very early date after liberation, and in both nations it has been steadily improved and extended ever since. There are, of course, differences in methods and techniques, particularly since the non-socialized sector of the economy — obviously a great obstacle to planning — is so much larger in Poland than in Czechoslovakia, and since the Czechoslovakian economy is more thoroughly organized. In both countries a special effort has been made from the beginning to let the plans develop and mature from below and not to impose them upon the economy from above without participation and consultation by those who will have to execute them.

Centralized planning has a special task to perform in changing the economic structure of the eastern European nations. I pointed out in my earlier article (*Monthly Review*, May 1949) that structural changes are indispensable to the development of socialism. Although structural transformation was begun in the Czechoslovakian two-year plan and the Polish three-year plan, both of which started in January 1947 and were highly successful, it is the central theme of the new five-year plan in Czechoslovakia which commenced in January 1949, and of the six-year plan in Poland which will start in 1950.

The need to alter the economic structure of Czechoslovakia results largely from the drastic changes which have occurred in the pattern of world trade and from the shift in Czechoslovakia's orientation from West to East. The Czech government hopes that the country can largely take over the position which, in pre-war days, Germany had as a supplier of manufactured goods to eastern Europe. Moreover, trade relations between Czechoslovakia and the Soviet Union are becoming more important. Industrial production, which by the end of 1948 was 10 percent higher than in 1937, is to be increased by 57 percent during the five year plan. A large increase is planned in the capacity of the heavy industries: 200 percent in machinery, 93 percent in metals, and 62 percent in chemicals; construction is to increase by 130 percent. It is hoped to augment total agricultural production by 37 percent compared to 1948, and to shift the emphasis from grain to meat and dairy products. These tremendous increases could never materialize without a considerable expected growth in labor productivity.

Changes in Poland's economic structure are necessary for different

MONTHLY REVIEW

reasons. Mechanization of agriculture and construction of a large industrial potential are the remedies for a technologically backward country. Astonishingly large advances by the end of 1953 are planned in many fields: 210 percent over 1949 in metal and machinery production, about 300 percent in chemicals, 250 percent in nitrate fertilizers, 400-500 percent in tractors, and about 100 percent in steel and electric power. The increase in the production of consumers goods will be smaller, but also very considerable: 25 percent in sugar, 39 percent in woolens, 57 percent in cotton textiles, 100 percent in linen, and 150 percent in shoes.

Since the increase in total industrial production during the six years of the new Polish plan is scheduled at 85-95 percent, while the increase in agriculture is put at only 35-45 percent, it is clear that the shift in Poland's economic structure toward a more industrialized nation, which has been begun already under the three year plan, will become more pronounced. Simultaneously, the emphasis in agricultural production will be shifted from grain growing to dairy farming and stock-breeding. Without these structural changes, the much-needed mechanization of agriculture would not be possible. Agriculture could not obtain the necessary mechanical equipment, nor would industry be able to acquire the additional labor force necessary for expansion; conversely, those who will become "unemployed" through the modernization of farming would have no place to go.

Nationalization and centralized planning are important steps towards a socialized economy. The ultimate test of socialism, however, is the standard of living of the people or, to put it more concretely: is the new society succeeding in raising the national income and distributing it more equitably among the masses of the people? The national income has been raised considerably both in Poland and in Czechoslovakia, but no adequate figures on the distribution of income are available yet. It may even be, though I do not know it as a fact, that, while living standards have improved since the war, the share of the national income going directly to the working population has not as yet increased, since the two countries must devote a very large part of their output to the manufacture of capital equipment and to the construction of facilities which will yield a higher standard of living in the future. But there are abundant indications that the governments of the two countries have felt from the beginning that the central purpose of their work is to raise the material and cultural level of their people, and there is no doubt that considerable progress has been made.

At the end of 1948, according to what Minister Minc called "a carefully worked-out index", real wages of manual workers in Poland

LABOR AND WORLD CONQUEST

were about 10 percent higher than before the war (when they were, of course, very low); in addition, the material situation of small and middle peasants has decidedly improved; and great strides have been made in eliminating illiteracy. Special emphasis is placed in the six year plan on improving and increasing housing facilities, educational and cultural establishments, and health centers. It is hoped that the standard of living of the people as a whole will be raised by 55-60 percent during the six year plan, which would mean about a doubling of the pre-war standard.

The picture in Czechoslovakia is similar. In the very first paragraph of the Act relating to the five year plan it is said that its "chief aim" is "a further substantial raising of the living standard of all sections of the working population of town and country." Twenty percent of the very large amount designated for capital investment during those five years is earmarked for improving the facilities for health and for social and cultural welfare. A very detailed program is incorporated in the five year plan for that purpose.

In summing up what has been said here about developments in Poland and Czechoslovakia, it is best to state with Marx that a great deal is being done in "transforming circumstances and men". It is being done systematically and with a clear vision of the ultimate goal.

LABOR AND WORLD CONQUEST

(The following editorial appeared in The Gazette and Daily of York, Pa., on April 7, 1949. In this period when the press of the country is going to fantastic lengths to keep the people from understanding what is going on, it is refreshing to find in at least one newspaper an honest and courageous analysis of the role of some American labor leaders in selling the foreign policy of their class enemies to the workers of the world. — The Editors)

It's probably safe to say that very few working people in the United States understand the political power of workers in other countries.

But the United States government—the visible government of Washington and the invisible hierarchy of bankers, industrialists and generals — understand it rather well.

That is why every development of our foreign policy must be

MONTHLY REVIEW

accompanied by endorsement from the leaders of the organized labor movement here.

The official word of the U. S. government, and the words of privileged monopolists, are likely to be taken with many grains of salt by people who have had bitter experience with monopoly and with governments set up as fronts for monopoly.

But when the CIO, for example, says: The Truman Doctrine is OK, the Marshall Plan has our support, the North Atlantic Pact is very necessary — well, then, perhaps, some workers in foreign lands can be temporarily puzzled and their resistance to the United States temporarily suspended.

No one yet knows the price labor leaders have been offered for the job as salesmen of U. S. foreign policy. Needless to say, no outright bribe has turned their heads. Nor could it be, entirely, the promise of an ambassadorship here and there, the attraction of luncheon with representatives of the State Department, or the praise of labor which has been forthcoming from the high and mighty of the land.

Their motives — at least until they write their memoirs — must remain a mystery.

What seems to have happened, however, as far as we can tell, is that labor's executives have succumbed to tremendous patriotic and religious pressures. As a result, the character of their organizations has been changed.

In the past you could truthfully describe the CIO, for example, as a militant resistance body, everywhere fighting the economic dictatorship of monopoly capitalism. Now it has become a unit of collaboration.

It is as if authorities had spoken to labor leaders in these words: "Help us to colonize the world and we will make you the biggest and prettiest company union ever seen. We will be able to do this because we are supplanting Great Britain as the master of the earth's resources and peoples. Don't worry about your standard of living, brothers, because the workers of the world will be carrying all of us Americans on their backs."

Whether they realize it or not, labor's executives have fundamentally agreed to such a proposition. What their agreement means to the future of their organizations and to the lives of their members has already been demonstrated by history. The very same proposition was successfully presented to certain German labor leaders when Hitler, the agent of German monopoly, began to make his preparation for world conquest.

CLASS STRUGGLE IN AMERICA?

BY LEO HUBERMAN

In order to produce and distribute bread, clothes, houses, autos, radios, newspapers, medicines, schools, this, that, and the other thing in the United States in 1949, you have to have two things:

1. Land, mines, raw materials, machines, factories—what economists call the “means of production.”
2. Labor—workers who use their strength and skill on and with the means of production to turn out the required goods.

The means of production by themselves are useless when it comes to producing goods. Take land, for example. It doesn't matter how fertile it is, unless the farmer sows the seed, and cuts the grain, there'll be no crop. Or take a coal mine. It doesn't matter how good or bad the seam is, miners must dig the coal and bring it to the surface by hand or car or we have no coal. Or take a textile mill. It doesn't matter how many complicated and wonderful looms it contains, workers have to tend those looms or we'll get no cloth. (And workers had to make the looms themselves in the first place.)

In the United States, as in other capitalist countries, the means of production are not public property. The land, raw materials, factories, machines, are owned by individuals—by capitalists. That is a fact of tremendous importance. Because whether you do or do not own the means of production determines your position in society. If you belong to the small group of owners of the means of production—the capitalist class—you can live without working. If you belong to the large group that does not own the means of production—the working class—you can't live unless you work.

One class lives by owning; the other class lives by working. The capitalist class gets its income by employing other people to work for it; the working class gets its income in the form of wages for the work it does.

This division into an owning and a working class was clearly described in an editorial in the *New York Herald-Tribune* on December 6, 1947:

The industrial revolution, with its introduction of power-driven machinery, deprived the individual worker of his ownership of the tools

In connection with this article, see "Notes From The Editors" on the inside front cover.

MONTHLY REVIEW

of his trade. Hence the so-called capitalist system which, through the process of stock distribution, provides the tools, far too elaborate and expensive today for individual ownership. Workers in private enterprise, therefore, are dependent on stockholders for their means of production, or, in short, their jobs.

Since labor is essential to the production of goods we need in order to live, you would suppose that those who do the labor—the working class—would be handsomely rewarded. But they aren't. In capitalist society, it isn't those who *work* the most who get the largest incomes, it is those who *own* the most.

As a matter of fact, those who do the work can't even work at all unless the owners of the means of production permit them to do so. And unless the conditions are "right" for the owners of the means of production, they won't permit the non-owners to work.

Now, what makes the conditions "right"? So far as the capitalist class is concerned, the conditions are "right" only when there is a chance to make a profit—the more the better. This was pointed out by Walter Lippmann during the depression of the 1930's when people were wondering why the wheels of industry had stopped turning—why idle men and idle machines could not be brought together. Mr. Lippman told them why in his column of July 13, 1934:

There is no use talking about recovery under present conditions unless capitalists, large and small, begin to invest in enterprise for the purpose of earning a profit . . . They will not do it for patriotism's sake or as an act of public service. They will do it because they see a chance to make money. This is the capitalist system. That is the way it works.

Profit makes the wheels go round in capitalist society. The smart business man is the one who pays as little as possible for what he buys and receives as much as possible for what he sells. The first step on the road to high profits is to reduce expenses. The main expense of production is wages to labor. It is therefore to the interest of the employer to pay as low wages as possible. It is likewise to his interest to get as much work out of his laborers as possible.

The capitalists are interested in keeping expenses down, in making profits; the workers are interested in higher wages, shorter hours, better working conditions, security. What the workers want costs money—and the capitalists are not willing to dig into their profits to pay that cost.

This does not mean that capitalists don't ever raise the wages of their workers. They do, of course. They raise wages, for example, when they are forced to do so by workers who gain strength by bargaining, not as individuals, but collectively through a union. The point, however, is that capitalists don't raise wages because they *want*

to, but because they *have* to. That's precisely what a capitalist told a committee of the House of Representatives on November 10, 1947. This is what Patrick W. McDonough, president of the McDonough Steel Company of Oakland, California said: "Business men don't raise wages of their own accord. I know because I never give a man a 10-cent raise unless I'm forced to."

It is not only in respect to wages that there is conflict between capitalists and workers. Anything and everything that benefits workers will be opposed by capitalists—if it might cost them money. The record is crystal clear on this point. Mr. Charles Luckman, an employer whose position as president of the giant firm of Lever Brothers is proof sufficient that he knows what he is talking about, cited the record in an address at the ninth annual convention of the Super Market Institute on November 7, 1946:

Why is it that during the past 20 years American Business has become identified in the public mind as opposed to everything that spells greater security, well-being, or peace of mind for the little guy? . . .

We got the reputation we have because, by and large, *we earned it*. How? Well, we *declared war* on collective bargaining. We actually *opposed* increased taxes for education. We *fought* health and safety ordinances. The record proves that we *battled* child labor legislation. We *yipped* and *yowled* against minimum wage laws. We *struggled* against unemployment insurance. We *decried* Social Security, and currently we are kicking the hell out of legislative proposals to provide universal sickness and accident insurance . . .

Where on the record is there a single example to show that Big Business ever initiated a legislative program of benefits for the workers? Is it not clear that they have always waited until they were *asked* or *forced* to do something?

That the worker is a person, a human being like himself, makes no difference to the profit-seeking capitalist. To him the worker is an item of expense, nothing more. This was clearly pointed out by Woodrow Wilson in his book, *The New Freedom*, published in 1913, when he was president of the United States: "Did you never think of it—men are cheap and machinery is dear; many a superintendent is dismissed for overdriving a delicate machine who wouldn't be dismissed for overdriving an over-taxed man; there are others ready to come into his place; but you can't, without great cost, discard your machine and put a new one in its place . . . It is time that property, as compared with humanity, should take second place, not first place."

The interests of the owners of the means of production and of the men who work for them are opposed. For the capitalists, property takes first place, humanity second place; for the workers, humanity—themselves—takes first place, property second place. That is why,

MONTHLY REVIEW

in capitalist society, there is always conflict between the two classes.

This is not to say that the capitalists, as individuals, are more grasping, more greedy, less humane, or less decent than the workers. They aren't. Both sides in the class war act the way they do because they must. If the capitalist did not try to make profits, he would stop being a capitalist. If the worker did not try to get higher wages, he would stop being a worker because he would starve.

All the talk about "harmony" between capital and labor is nonsense. In capitalist society there can be no such harmony because what is good for one class is bad for the other, and vice versa. The individual capitalist may want to raise wages—but to the extent that he does, he cuts into his profits. And if he cuts into his profits too much, he'll have to go out of business.

It's not a question, then, of whether this or that capitalist, as an individual, is a selfish or unselfish person. The fact is that the class interests of the capitalists compel them to adopt attitudes and actions toward the working class which are not harmonious and peaceful, but hostile and warlike. And in the same way, the class interests of the workers compel them to carry on continual warfare against the capitalist class.

The relationship, then, that *must* exist between the owners of the means of production and the workers in capitalist society is the relationship of a knife to a throat.

There's no use wishing it were different. That's the way it is.

Now if you are a small shopkeeper or manufacturer owning your own business and working in it yourself, or if you are a farmer running your own farm, you should be saying to yourself, "Here, wait a minute. This division of people into just two classes leaves me out entirely. I work for myself in my own business or farm—do I belong to the capitalist class or the working class? Where do I fit into this picture?"

A good question. The answer is that you don't fall into either class—you fall in between. You're a member of the middle class.

And as a member of the middle class, you probably *hope* that some day your business will grow and you will become wealthy and join the ranks of the capitalists. That has, indeed, happened to many people in your position in our economic structure. But that isn't the trend. What is more likely to happen is that, no matter how many hours you put in, no matter how hard you work, you will be fighting a losing battle. The chances are that what has been happening to other small business men will also happen to you. Big Business will knock the stuffing out of you. Your business will be "merged" or

"absorbed," or you will go broke, shut your doors, and find yourself not where you had hoped to be, on the top rung of the economic ladder, but rather at the bottom rung—in the ranks of the working class.

We don't have to guess about this trend. The statistics prove it. Here are the facts as reported in 1946 by the United States Senate Special Committee to Study Problems of American Small Business:

It will be noted that there has been a steady and continuous decline in the relative importance of the self-employed members of the working community. Self-employed enterprisers constituted 36.9 percent of all the gainful workers in 1880, but their proportion had fallen to 30.8 percent at the turn of the century, to 23.5 percent in 1920, and to 18.8 percent in 1939 . . .

These changes clearly show the decline in the area of individual enterprises. *There has been a decisive shift in the population toward the category of 'working for others,' which is especially significant in the case of the small business men and professional men, many of whom, rather than entering business on their own account, are becoming employees of large corporations.* [my italics]

It is important to be aware of the fact that these middle class groups of small business men, independent farmers, and professional people are declining in relative importance. But it is also important to ask where they stand in relation to the class conflict between the basic groups of our society, the workers and the capitalists.

There seems to be little doubt that, in the main, so far as their sympathies and sentiments go, they line up with the capitalist class. That seems to be true also of another section of the middle class, which, unlike the others, is growing not declining in numbers, that is, the managers and superintendents of large plants, the engineers, the advertising men, top salesmen and the like—the people who are paid "salaries" not wages. These people, from the point of view of their economic position belong to the working class since they do not own the means of production and are hired by their employers. But because they are generally better paid, better educated, and feel it is to their advantage to link themselves with their employers, they throw their social and political support to the capitalists rather than to the workers.

This is, of course, not true of all the members of the middle class, by any means. Increasingly, in the United States, more and more of them are beginning to feel that their real interest is bound up with the workers and many of the most skillful, most talented and most effective leaders of the working class in their conflict with the capitalists have been middle class intellectuals.

Since its existence or non-existence does not determine the way the system works, it is not necessary to devote any more space to the

MONTHLY REVIEW

middle class. For a true understanding of capitalist society, we must center our attention on the two main classes, the ruling class of capitalists and the subject class of workers, and the never-ending conflict between them.

"Rulers" and "subjects"—surely these are strange words to be using in relation to the United States? They sound O.K. for foreign countries, but they don't have a native American ring at all. Are they accurate, carefully chosen words?

Indeed they are. In relation to our economic structure, they are precisely correct. That was already clear to many Americans more than a century ago. Here, for example, is a quotation from a book written in 1843 by Albert Brisbane, father of the famous journalist:

Capital and Labor are now divorced in interest and are in opposition and Capital controls—often exercises an absolute tyranny over Labor. Capital is held by a small minority, while the laboring multitude, deprived of its possession, are, for the most part, the dependent hirelings, the menial subjects of capitalists.

If this was the trend over a century ago when roughly 80 percent of the people of the United States owned the means of production from which they made a living, how much more true is it today when over 80 percent of the people do *not* own the means of production and have to depend on others for the opportunity to work and live?

And the ownership of the means of production gives to the capitalists precisely that power — the power to determine whether others shall labor and under what conditions. The relationship is that of master and servant, of ruler and subject—the owners give orders which the non-owners must obey.

"I fired the man," said the new section boss in Carl Sandburg's *The People, Yes*, "not because I had anythin' agin him, but because I had the authority."

Whether or not you belong to the capitalist class or the working class does not depend on your awareness of where you belong. It has nothing to do with your consciousness of your position. It has everything to do with your relationship to the means of production. If you own the means of production and hire others to work upon them, you are a member of the capitalist class. If you do not own the means of production, but must seek work for wages from those who do, you are a member of the working class.

It is to the interest of the possessing class to preserve and extend its privilege and power. It is to the interest of the working class to resist tyranny and degradation, and improve its social and economic position.

Between the two classes, a struggle goes on—always.

continued from inside front cover

We are very well satisfied with the reception accorded our first issue. Even before publication, the interest shown was so great as to lead us to double the number we originally planned to print. Subscriptions are coming in steadily, though it is of course too soon to make any predictions about the number we can hope to reach. At this stage we can only say that our original expectations were somewhat on the pessimistic side. We are now certain that enough demand for a magazine of this kind exists to keep us in business for the foreseeable future.

But we want to say this to our readers: remember that the value of **MONTHLY REVIEW** to the cause of socialism in the United States depends on our ability to reach an ever wider circle of people. We can't afford promotion campaigns. We count on your support and assistance. If you like **MONTHLY REVIEW** and feel that it is serving a useful purpose, please get out and bring in the subs. You can use the form below, or if you prefer to keep the cover intact, make a copy.

LABOUR MONTHLY

Founded in 1921, this Magazine of International Labor gives to the world a truthful picture of trends within the British Labor Movement, and interprets world events for British readers from the Socialist point of view.

R. Palme Dutt's Notes of the Month, editorial commentary on current events, have become world-famous during these 28 troubled years.

Leading British trade unionists co-operators and progressive Members of Parliament are regular contributors.

Subscription \$3.00 (\$3.35 if first class mail). 134 Ballards Lane, London N. 3.

MONTHLY REVIEW, 66 Barrow St.
New York 14, N. Y.

Enclosed find _____ dollars.

☐ \$3. for annual subscription
(foreign \$3.50)

☐ \$5. for two year subscription
(foreign \$6.00)

☐ Contribution of \$ _____

Name _____

Street _____

City _____ Zone _____ State _____

A VOLUME OF EXTRAORDINARY INTEREST

TO STUDENTS OF MARXIAN ECONOMICS

BÖHM-BAWERK: KARL MARX AND THE CLOSE OF
HIS SYSTEM

and

HILFERDING: BÖHM-BAWERK'S CRITICISM OF
MARX

TOGETHER WITH AN APPENDIX
CONSISTING OF AN ARTICLE BY

BORTKIEWICZ: On The Transformation Of Values Into
Prices Of Production In The Marxian System

EDITED WITH AN INTRODUCTION

By

Paul M. Sweezy

Octavo cloth

About 250 pp.

Price \$3.50

READY: 15 JULY 1949

Published by Augustus M. Kelley

Distributed by:

TURTLE BAY BOOKSHOP

899 FIRST AVENUE

NEW YORK 22, N. Y.

